

Commissioner Deborah A. Gist's Field Memo Alert
Thursday, December 17th, 2009

From the Commissioner

Estimated revisions to aid entitlements, based on the Governor's proposed revised budget

Dear Colleagues:

Attached are the Governor's recommended revisions to FY 2010 education and charter aid. Please note the attached spreadsheet has two worksheets (one for districts and one for charter schools).

State General Revenue Adjustments:

The Governor's recommended budget reduces general education aid by \$41.8M and charter aid by \$1.4M. These reductions are as follows:

- 1) 3% Across-the-board reduction of state revenues only (\$18.9M districts and \$1.0M charter schools): This reduction was calculated using FY 2010 enacted state education aid.
- 2) Additional reforms to the teachers' retirement system (\$18.3M districts and \$0.2M charter schools): Please note that these reductions are in addition to reductions already included in the enacted budget. Assuming that the Governor's proposed reforms are enacted by the General Assembly, this reduction would be offset by an equivalent reduction in the employer's share of retirement expenses. As happened last year, the actuary would evaluate the reforms and establish a new rate for FY 2010. Please also note that the savings were estimated using June 30, 2009,

payrolls, which were inflated by 4.5%. This is a placeholder and would be updated when actual local pension savings are known.

- 3) Additional reduction to General Aid for a shift in federal stabilization funds (\$4.6M districts and \$0.2M charter schools): This budget reduces education aid for districts and charter schools, which will be restored dollar for dollar with federal stabilization funds from the American Recovery and Reinvestment Act (ARRA). This reduction was allocated based on each district's share of the FY 2010 enacted-aid total.

Federal Stabilization Funds:

The Governor's budget adds \$4.8M of federal stabilization funds from ARRA to be distributed to school districts and charter schools based on their share of FY 2010 enacted aid. Districts would apply for these funds and receive an amended federal grant award.

Please also note that final revisions to aid entitlements will be determined upon passage of the revised FY 2010 state budget; thus, the attached figures are subject to change.

If you have any questions, please contact Kristen Cole at 222-4681 or kristen.cole@ride.ri.gov.